



Circular Letter No.:	2026-08
Date:	25 March 2026
Supplements:	CL Nos. 2025-16, 2025-15, 2025-12, and 2022-24

**CIRCULAR LETTER**

**TO : ALL MUTUAL BENEFIT ASSOCIATIONS AUTHORIZED TO DO BUSINESS IN THE PHILIPPINES**

**SUBJECT : SUPPLEMENTAL GUIDELINES FOR THE APPLICATION OF THE NEW FINANCIAL REPORTING FRAMEWORK, VALUATION STANDARDS, AND RISK-BASED CAPITAL FRAMEWORK**

**WHEREAS**, Section 189 of Republic Act No. 10607, otherwise known as the Amended Insurance Code, provides that the regulated entities must comply with the financial reporting frameworks adopted by the Commission for purposes of creating the statutory financial reports and the annual statements to be submitted to the Commission;

**WHEREAS**, to align with the requirements of Section 189 of the Code and current standards in the Philippines, the Commission issued Circular Letter (CL) No. 2022-24 prescribing the new Financial Reporting Framework (FRF) for Mutual Benefit Associations (MBAs), CL No. 2025-12 prescribing the updated valuation standards for MBAs, and CL No. 2025-15 introducing the amended Risk-Based Capital (RBC) framework for MBAs;

**WHEREAS**, CL No. 2025-16 was issued to provide for a transition period to assess the quantitative impact of the new regulatory frameworks for MBAs through the conduct of parallel runs on the new FRF, valuation of policy reserves, and the RBC framework, with corresponding reports to be submitted for the following cut-off dates:

Period Covered	Submission Date
As of 31 December 2024	30 October 2025
As of 30 June 2025	
As of 31 December 2025	30 June 2026

**WHEREAS**, the Commission recognizes the need to provide clarity on the application date of the new regulatory frameworks to address industry concerns regarding the implementation date and the applicable framework after the transition period under CL No. 2025-16;



**WHEREAS**, to ensure uniform and consistent application by MBAs, further guidance on transition and implementation is necessary;

**NOW THEREFORE**, in view of all the foregoing and in accordance with the Insurance Commissioner's power under Section 437 of the Amended Insurance Code, the following guidelines are hereby promulgated:

**SECTION 1. APPLICATION OF THE NEW REGULATORY FRAMEWORKS**

All MBAs shall apply the following regulatory frameworks in preparing their financial reports and annual statements beginning 1 January 2027:

- a. Financial Reporting Framework: CL No. 2022-24;
- b. Valuation of Policy Reserves: CL No. 2025-12; and
- c. Risk-Based Capital Framework: CL No. 2025-15.

Prior to 1 January 2027, MBAs shall continue to comply with the current regulatory frameworks required by this Commission.

**SECTION 2. ACCOUNTING FOR TRANSITION ADJUSTMENT**

In accordance with CL No. 2022-24, the cumulative prior-year impact of the changes arising from the adoption of the new FRF, including the shift in valuation basis from Net Premium Valuation (NPV) to Gross Premium Valuation (GPV), as well as any changes in assumptions under GPV computed based on the new valuation standards, shall be recorded in the *Fund Assigned for Transition Adjustment* account.

This account shall be recognized only for the transition year 2027 and shall be subsequently released upon settlement of the related life insurance benefit policies or extinguishment of the corresponding obligation to the member, or shall be reclassified to *Free and Unassigned Surplus* at the end of a maximum period of three (3) years from recognition, whichever comes first.

**SECTION 3. EXTENSION OF THE TRANSITION PERIOD UNDER CL NO. 2025-16**

The transition period under CL No. 2025-16 for conducting parallel runs under the new regulatory frameworks is hereby extended. Accordingly, MBAs are required to submit the parallel run requirements prescribed under Section 3 of CL 2025-16 for the following additional covered periods:

<b>Period Covered</b>	<b>Submission Date</b>
As of 30 June 2026	29 December 2026
As of 31 December 2026	30 June 2027

**SECTION 4. SEPARABILITY CLAUSE**

If any provision of this Circular shall be held unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.

**SECTION 5. REPEALING CLAUSE**

All circulars, rules, and regulations, or parts thereof, which are inconsistent with this Circular, are deemed repealed, superseded, or modified accordingly.

**SECTION 6. EFFECTIVITY CLAUSE**

This Circular shall take effect immediately.

  
**REYNALDO A. REGALADO**  
Insurance Commissioner

